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CURRENT INTELLIGENCE WEEKLY SUMMARY

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

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BRAZIL

Public confidence in the Goulart regime, which rose steadily during the early months of this year, has again fallen off. One important factor is the expectation of a new cabinet. Congressional and gubernatorial elections are scheduled for 7 October, and ministers who run must resign their cabinet posts by 7 July. Prime Minister Tancredo Neves, who is among those doing so, has tended to support President Goulart rather than compete with him, but Neves' successor may seek to utilize more fully the powers his office was given by the constitutional amendment of September 1961, through which Brazil adopted a parliamentary form of government.

Uncertainty is heightened by Goulart's precarious health. His illness when he visited Mexico City on 9 April was described as "a slight heart attack," reportedly his fifth. Political leaders have shown increasing apprehension recently, having apparently learned that Goulart is refusing to follow insistent medical advice that he take a 30-day leave of absence.

In the Sao Paulo gubernatorial race, former President Janio Quadros has improved his standing and now may be running abreast of ex-Governor Adhemar de Barros and a less widely known protegé of the incumbent governor. In the key northeastern state of Pernambuco, pro-Communist Miguel Arraes appears to be the early favorite, as his opposition tries to agree on a attractive candidate. Goulart's brother-in-law Leonel Brizola, governor of Rio Grande do Sul, has lost popularity in his home state, but on 22 May he opened a campaign for deputy from the state of Guanabara--which includes the city of Rio de Janeiro--in a speech violently attacking the United States, North Americans, and the Alliance for Progress.

Both Arraes and Brizola may face legal impediments to their candidacies, however, because of a constitutional provision barring from the gubernatorial and congressional races persons closely related to an incumbent state or federal chief executive. Arraes is the brother-in-law of Governor Sampaio of Pernambuco, although Arraes' wife now is dead, and Brizola's wife is President Goulart's sister.

There also are indications of instability in the economy. There is a shortage of prime staples--beans and rice--in most major cities except in the three southernmost states, and this shortage is accentuated by hoarding. In the north and northeast, there have been floods in some areas, while drought prevails elsewhere. The foreign exchange rate has fallen about 12 percent since early May.

Spreading rural unrest was indicated by the killing of eight people in a clash between rural workers and police in late May in Maranhao, a previously peaceful northeastern state. [redacted]